



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: General Services Department

Subject: 500 Westridge Drive Tenant Improvement Notice of Completion

Meeting Date: June 24, 2025

Formal Title: Accept Notice of Completion for the improvements at the South County Government Center, approve amendment to agreement with Bogard Construction increasing compensation by \$18,000, and take related actions

Recommended Actions

1. Accept the Notice of completion for improvements at the South County Government Center;
2. Approve the final cost of \$22,900,955 for Contract No. 24D0734, for the South County Government Center Project in Watsonville, California;
3. Authorize the General Services Department to file the Notice of Completion;
4. Request the General Services Department to return the original Notice of Completion to the Clerk of the Board; and
5. Approve amendment to agreement 24D0942 with Bogard Construction for construction management services, increasing compensation by \$18,000, for a total not-to-exceed contract amount of \$114,000.

Executive Summary

The tenant improvements for the South County Government Center at 500 Westridge Drive were completed on February 3, 2025. Acceptance of the improvements will allow for the recordation of the Notice of Completion and release all funds held in retention.

Discussion

On September 10, 2019, the Board approved the initiation of a Long-Range Facilities Plan (LRFP) to guide recommendations for the efficient and cost-effective use of County-owned and leased land and facilities over the next 20 years. The LRFP outlined key strategies, including acquiring nearby properties, enhancing services in South County, consolidating departments, eliminating leases, and implementing remote work policies.

In early 2021, the Board authorized negotiations to acquire property at 355 and 500 Westridge Drive in Watsonville, located in the Westridge Business Park just off Highway 1 between Highways 129 and 152. The 500 Westridge site spans 7.77 acres and includes a 121,491-square-foot building with approximately 94,806 square feet of office space and 26,685 square feet of warehouse space, along with 461 parking spaces. The adjacent 1.1-acre site at 355 Westridge provides an additional 79 parking spaces in support of the main facility. The size, configuration, and location of the property aligned well with LRFP recommendations and presented a significant opportunity to enhance

equitable access to County services in South County.

On June 8, 2021, the Board approved the Purchase and Sale Agreement, and the property officially transferred to County ownership with the close of escrow on October 8, 2021. The initial financing for acquisition of the property, design and renovations was supported by the issuance of over \$27 million in Lease Revenue Bonds.

Following a Request for Proposal process, the Board approved a contract with Jensen Architects on November 16, 2021, for programming, design, permitting, and bidding support for the South County Government Center project. To expedite the overall project timeline, the required seismic upgrades were separated from the broader improvement plans and permitted and bid independently. Shellco General Contractor completed the seismic work between September 2022 and April 2023, while the overall renovation project was permitted and bid in fall 2022.

During the design, it became clear that co-locating multiple departments onto one site resulted in building configuration complexities beyond the conceptual assessment and spacing assumptions used during the initial cost estimating of the project. The sensitive nature, public privacy, security and access needs of the services planned to be offered at the site resulted in vast redesigns of the interior of the building. This had a trickle effect on the configuration of key building systems and structural design. These design requirements led to the determination that an additional \$16 million of bond financing was needed to accomplish the programmatic goals of the project.

On January 10, 2023, the Board approved construction contract 24D0734 with Otto Construction in the amount of \$21,169,600 to carry out renovations for the South County Government Center. The scope of work included new public lobbies, classrooms, support spaces, accessibility upgrades to restrooms and pantries, and minor exterior improvements, such as a new accessible path of travel and new entrance openings.

Change Orders totaling \$1,631,355—well within the Board-approved 10% contingency—were necessary due to unforeseen conditions. These included the replacement of eight HVAC units not originally included in the scope, additional IT infrastructure work in the Data Center, and various hidden conditions discovered during partial demolition. The construction timeline was extended to accommodate this additional work, most notably due to delays in the delivery of the back-up generator.

The South County Government Center reached substantial completion on February 3, 2025. The project has enabled two departments to relocate from four separate leased spaces into a single County-owned facility, resulting in long-term cost savings. In addition, three other departments have expanded their services to South County, improving equitable access for clients and reducing travel time for staff. Acceptance of

the completed improvements will allow for the recordation of the Notice of Completion, the release of withheld retention, and formal project close-out.

While this Notice of Completion signifies the conclusion of the major renovations, several items identified after move-in fall outside the original project scope but are necessary to improve overall functionality. Approval of the contract amendment with Bogard Construction is essential, as it provides for construction management services related to these outstanding items. These include, but are not limited to, additional upgrades to the Data Center, carpeting over concrete flooring, enhanced signage, and other services required to support project close-out.

Financial Impact

The lease revenue bonds for the acquisition and improvement of the project, as authorized by the Board, closed on October 5, 2021, in the amount of \$27,640,268. Additional lease revenue bonds in the amount of \$16,000,000 were authorized by the Board in February 2023 after it was determined during the design phase that the initial cost projections did not adequately account for the infrastructure needed to co-locate multiple departments in a single building.

In addition to the \$43,640,268 in lease revenue bonds, the Information Services Department contributed \$746,933 for critical IT infrastructure equipment installations including a back up generator and the Human Service Department contributed \$1,709,386 toward furniture and non-fixed asset items. Total project costs—including acquisition, design, permitting, construction, equipment, and administrative time—amount to \$45,920,000.

The Board-approved contract 24D0734 with Otto Construction was for \$21,169,600. Change Orders totaling \$1,631,355, due to unforeseen conditions, remained within the Board-approved 10% contingency. The final construction cost was \$22,800,955. Project funding and appropriations are available in GL Key 191170-86110 to encumber the amendment to the contract with Bogard Construction.

Strategic Initiatives

Equity Framework - County Facilities & Infrastructure, Workplace & Workforce, Leadership, Operations & Services
Operational Plan - Operational Excellence
Climate Action - Government Operations

Submitted By:

Michael Beaton, General Services Director

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.